

1 JUDGE SIPPEL: R-e-n-d-o-n is the senior executive
2 VP. Is that it?

3 MR. HUTTON: Yes.

4 JUDGE SIPPEL: Okay. According to my notes, it
5 means the exhibits were never moved into evidence. They
6 were identified. Now they are being corrected.

7 MR. BECHTEL: Move them into evidence.

8 JUDGE SIPPEL: Now, Mr. Bechtel is moving them in
9 evidence. And there must be no objection since you
10 stipulated to changes.

11 MR. HUTTON: No objection.

12 MR. SHOOK: No objection.

13 JUDGE SIPPEL: And 39 and 40 of the Adams
14 exhibits, 39 and 40 are received into evidence at this time
15 as just corrected.

16 (The documents referred to,
17 previously identified as Adams
18 Exhibits Nos. 39 and 40, were
19 received in evidence.)

20 JUDGE SIPPEL: Anything else?

21 MR. HUTTON: One other administrative matter, and
22 that is Adams Exhibit 26 is an excerpt from an FCC decision
23 on tender offers and proxy contests. I don't want to
24 introduce the entire case into the record, but I think it
25 might be helpful for me to cite the full case and two

1 related decisions.

2 JUDGE SIPPEL: Well, let me tell you, that is just
3 in there as for identification. And since the witness
4 really didn't testify to it -- if he talked about it, he is
5 not talking about it in the testimonial form. You are not
6 going to need a reliance placed on it. The full document
7 will speak for itself. And I am assuming I am going to see
8 this in front of proposed findings from both sides. Would
9 that be a safe assumption?

10 MR. HUTTON: Well, there is no designated issue on
11 whether or not there was a transfer of control. And I'm --
12 you know, you ruled that there was no issue here. We have
13 been having testimony on that non-issue. But there was, I
14 think, some exchange back and forth with the witness over
15 what a proxy kind of bid is and what motivation there was or
16 was not behind FCC filings made at that time.

17 JUDGE SIPPEL: Well, we discovered this in
18 cross-examination has been expanded because of -- primarily,
19 it was generated by a request on the record from Bureau
20 counsel.

21 MR. HUTTON: I understand that.

22 JUDGE SIPPEL: And so we know where we are at.
23 And I can bet you -- I mean, it would be worth a hamburger
24 bet anyway that we are going to see this cited someplace in
25 proposed findings in some context.

1 Look it, if you want to cite for the record what
2 it is that you want to discern with that authority, I'll be
3 glad to note it for the record. I'll write it down in my
4 notes. And at the appropriate time, I will take a look at
5 it. But I don't want to put any more documents in the
6 record.

7 MR. HUTTON: Oh, I don't want to either.

8 JUDGE SIPPEL: Fine. Well, then go ahead. You
9 may respond. But it is going to sit there for
10 identification. I am not going to receive it into evidence
11 because I don't think it has any evidentiary purpose.

12 MR. HUTTON: Okay, okay.

13 JUDGE SIPPEL: In fact, I wasn't even going to
14 remind Mr. Bechtel he hadn't moved it in.

15 (Laughter)

16 MR. HUTTON: I may have put my foot in my mouth.

17 JUDGE SIPPEL: You blew my cover.

18 MR. HUTTON: All right. The decision itself
19 appears at 59 RR. 2d 1536. It bears a release number, FCC
20 86-67, release March 17, 1986. It follows a notice of
21 inquiry that appears at 1985 FCC Lexis 2759. The release
22 number is FCC 85-349 released August 20, 1985, and a related
23 decision is in the store communications case, 57 RR 2d 1651.

24 JUDGE SIPPEL: What was the 57 RR 2d -- what was
25 the --

1 MR. HUTTON: 1651.

2 JUDGE SIPPEL: Got it.

3 MR. HUTTON: Release No. FCC 85-200, released
4 April 22, 1985.

5 (Pause)

6 MR. HUTTON: Your Honor, I want to refer the
7 witness to a document that is not in the record. And I am
8 not proposing to introduce it into the record. It is
9 attached as attachment C to the request for permission to
10 file appeal filed by Adams Communications. And it is
11 debtor's fourth amendment, planned reorganization. And I
12 would like to refer the witness to page 3 of that document.

13 JUDGE SIPPEL: All right. You may do that. Is
14 there a copy for counsel?

15 MR. HUTTON: I don't. But I can show it to
16 counsel. I am going to --

17 JUDGE SIPPEL: Please show it.

18 (Pause)

19 BY MR. HUTTON:

20 Q Mr. Parker, I would like you to read into the
21 record the definition of consummation that appears as
22 paragraph 17 on that document.

23 A No. 17, consummation. "The accomplishment of all
24 things contained or provided for in this plan and the entry
25 of an order of consummation finally dismissing the case."

1 MR. HUTTON: Thank you.

2 JUDGE SIPPEL: Well, you have already identified
3 for the record the document that that came from.

4 MR. HUTTON: Yes.

5 (Pause)

6 BY MR. HUTTON:

7 Q Mr. Parker, I would like you to refer to Adams
8 Exhibit 22.

9 A I may need some help here. Can you identify which
10 one it is? They are not all numbered.

11 (Pause)

12 JUDGE SIPPEL: Adams 22. Is that the document?

13 THE WITNESS: Yes.

14 JUDGE SIPPEL: Letter dated October 22, 1991, from
15 Ms. Paula Friedman.

16 BY MR. HUTTON:

17 Q Mr. Parker, I believe you have testified that this
18 request was made for an extension of time to consummate the
19 transfer of control that was approved by the FCC on
20 August 27, 1991, which was the short form application. Is
21 that correct?

22 A That is correct.

23 Q Now the references here to consummation, are those
24 references consistent with the definition set forth in the
25 bankruptcy plan of reorganization that you read into the

1 record?

2 A Yes.

3 Q Referring to the second sentence in the second
4 paragraph of Ms. Friedman's letter, I would like you to tell
5 us what your understanding is of what that sentence means.

6 A Well, basically, the sentence is as soon as
7 Reading had confirmed that no further review of the
8 application had been sought and the grant of that
9 application was final, it began making arrangements to
10 consummate the transaction.

11 I mean, we issued the shares. We started the
12 negotiations to finalize the agreement with the bank with
13 the arrangements with the -- I can't think of the term of
14 art right now, but the administrative creditors. That is
15 what it was, the administrative creditors who had to be paid
16 in full or arrangements made with them.

17 There were a whole series of activities that we
18 undertook at that point, all of which could not be completed
19 within the time limit, thus we asked for a 60-day extension.

20 Q All right. And is that what you are -- well, read
21 the next sentence by Ms. Friedman. And please tell me if
22 that is consistent or inconsistent with what you just
23 stated.

24 A She said additional time, however, is needed to
25 coordinate the transaction, including implementing the

1 bankruptcy reorganization plan approved by the bankruptcy
2 court in Pennsylvania, and that is correct.

3 Q All right. Now I would like you to refer to Adams
4 Exhibit 28, which is the long form application.

5 A Yes.

6 Q Please turn to Exhibit 2 in that application, and
7 particularly footnote 1 on the bottom of page 2 of
8 Exhibit 2. Please tell me what your understanding is as to
9 what it means when it says, "The parties did not consummate
10 the transaction," in that footnote.

11 (Witness examined document)

12 THE WITNESS: Again, that they didn't consummate
13 the transaction. That was as a result, I think, of No. 4,
14 where we served with a garnishment. It was explained in
15 Exhibit 4.

16 JUDGE SIPPEL: Well, Exhibit 4 of this
17 application?

18 THE WITNESS: Of this application, yes, which
19 explains the garnishment and outlines the conflict there.
20 And it --

21 BY MR. HUTTON:

22 Q All right. Let me ask you this. Does that
23 footnote indicate or suggest to you that the stock had not
24 been issued at that time?

25 A Yes, it does. No. It hadn't been issued to the

1 four parties. It says the parties did not consummate the
2 transaction.

3 Q I'm sorry. I don't think my question was clear.

4 A Okay.

5 Q Does that footnote indicator suggest to you that
6 Reading Broadcasting, Inc. had not issued stock pursuant to
7 the bankruptcy court's order at that time?

8 A No.

9 MR. BECHTEL: Objection, leading question.

10 JUDGE SIPPPEL: Yes, sustained. You can ask him
11 what, if anything, did they tell him with respect to the
12 issuance of stock.

13 BY MR. HUTTON:

14 Q All right. Can you answer that question?

15 A Yes. Well, specifically, I think it refers to the
16 stock that would have had to transfer from Dr. Aurandt to
17 the other four parties, and that that would have caused a
18 transfer of control, and that was not consummated. But it
19 does not refer to the idea that we had not issued stock at
20 that point. And in fact, we had.

21 Q And what authority from the FCC did Reading
22 Broadcasting have at the time it issued the stock?

23 A Well, one, the 36 -- I'm trying to -- the short
24 form application to the Commission had been approved, and to
25 go from debtor in possession in listed, in addition to that,

1 there was no transfer of control.

2 It wasn't a -- if it hadn't been a debtor in
3 possession situation going to a normal operating
4 corporation, the FCC permission wouldn't have been needed.
5 I could have issued the stock anyway because it wasn't a 50
6 percent transfer of control. But clearly, we had the
7 authority of the short form transfer in addition to that,
8 where we would outline basically the stock transfers.

9 MR. HUTTON: Your Honor, I have lost track of our
10 exhibit numbers. I would like to introduce the exhibit. If
11 you could tell me what number it should be.

12 JUDGE SIPPEL: It would be No. 15, if it is a
13 Reading exhibit.

14 MR. HUTTON: Yes. And this exhibit consists of a
15 garnishment order and writ of execution. The garnishment
16 order is dated July 31, 1991.

17 JUDGE SIPPEL: What is the date on the garnishment
18 order?

19 MR. HUTTON: What's that?

20 JUDGE SIPPEL: What is the date on the garnishment
21 order?

22 MR. HUTTON: It is July 31, 1991. That is a
23 two-page document. It is followed by a writ of execution.

24 JUDGE SIPPEL: The same document? The same
25 exhibit?

1 MR. HUTTON: The same exhibit. And the writ of
2 execution is -- or indicates service on October 10, 1991, on
3 Marvin Mercer and -- I'm sorry.

4 There is a writ of execution showing service on
5 Marvin Mercer, and a writ of execution showing service on
6 Mike Parker. The service on Mr. Mercer is October 10, 1991,
7 and the service on Mike Parker is October 11, 1991.

8 JUDGE SIPPEL: That is identified. The reporter
9 will mark this document as Reading Exhibit 15 for
10 identification.

11 (The document referred to was
12 marked for identification as
13 Reading Exhibit No. 15.)

14 BY MR. HUTTON:

15 Q Mr. Parker, is this the garnishment order
16 referenced in Exhibit 4 to Adams Exhibit 28?

17 A Yes, it is.

18 Q And when did you first receive that garnishment
19 order?

20 A Whatever day it was served on me. I think you --
21 was it October 11th? I may have known about it on the 10th.
22 But personally, I received it on the day it was served on
23 me. Yeah, I believe mine was served on October 11th.

24 Q I'm sorry. I think it actually shows service on
25 October 11th. I stand corrected. I'm sorry, November 10th.

1 Oh, okay. It is hard to read. It may actually be October
2 10th.

3 A I believe it was October 10th because I knew about
4 it in advance of -- well, wait a minute. I don't know that.

5 (Pause)

6 BY MR. HUTTON:

7 Q Now I would like you to refer to Adams Exhibit 15.

8 A Did I answer your last question?

9 Q Yes. I think we established the date to the best
10 we could.

11 A Yeah, October 11th, I believe, from what I am
12 reading.

13 JUDGE SIPPEL: That was the day it was served on
14 you?

15 THE WITNESS: Yes, Your Honor, October 11, 1991.

16 BY MR. HUTTON:

17 Q All right. Now turning to Adams Exhibit 15 --

18 A I'm sorry. This books only goes to -- it starts
19 at 18. Oh, this one? I'm sorry. I have got it. Oh, the
20 other binder?

21 JUDGE SIPPEL: Let's go off the record a minute.

22 (Off the record)

23 MR. HUTTON: Mr. Parker, I would like you to refer
24 to page 73 of that document.

25 JUDGE SIPPEL: This is of Adams Exhibit 15, page

1 73.

2 THE WITNESS: Yes.

3 MR. HUTTON: All right. I would like you to refer
4 to the second paragraph from the top of that page and tell
5 me if that paragraph has anything to do with the garnishment
6 issue.

7 JUDGE SIPPEL: Go off the record while he reads it
8 to himself.

9 MR. HUTTON: Yes. I'm sorry. This is minutes of
10 the meeting of the board of directors of Reading
11 Broadcasting, Inc. held on Thursday, July 31, 1991.

12 JUDGE SIPPEL: And you have directed the witness
13 to read from the second page, which is actually page --
14 marked as page 73, the second paragraph of that page 73.

15 MR. HUTTON: Right.

16 THE WITNESS: Yes.

17 JUDGE SIPPEL: Okay. Are you finished reading it?

18 THE WITNESS: Yes, sir.

19 JUDGE SIPPEL: Now your question.

20 BY MR. HUTTON:

21 Q The question is does this have to do with the
22 garnishment issue, or does this relate to a different issue?

23 A Actually, it may relate to both the garnishment
24 issue, to Dr. Aurandt sending a letter to the corporation
25 stating he wanted the stock issued in the name of his wife

1 and himself rather than just himself in certain cases. And
2 he demanded more stock than what was called for in the plan.
3 So I think it is a combination of all of those issues.
4 Clearly, the garnishment issue was one of those issues.

5 JUDGE SIPPEL: Do you have another question?

6 (Pause)

7 THE WITNESS: I'm sorry. Can I go back?

8 MR. HUTTON: Yes.

9 THE WITNESS: I'm sorry. I had given you the
10 wrong answer because I am now looking at -- this is a board
11 of directors meeting. I thought it was the shareholders
12 meeting. I apologize. I needed to go to the preceding
13 page.

14 This is the directors meeting of July 31, 1991.
15 At that time, I was discussing -- if you look at the next
16 paragraph, it talks about employees' claims. And so what I
17 would have been talking about, I believe, in this paragraph
18 in July was Dr. Aurandt had claimed that there was a loan
19 that he had made to the corporation of \$100,000, and there
20 was also a -- he had -- the way the plan was set up, and I
21 should go into that, was that if you invested \$1,000 in
22 1980, you were credited with the \$1,000, and interest was
23 applied to the plan until the date of the bankruptcy. And
24 then we divided by \$10.75 per share what your investment
25 was, and that is how many shares you got.

1 Dr. Aurandt had paid \$3 a share for his founding
2 stock while other people had paid \$10 a share for their
3 upfront stock. He wanted \$10 worth of credit instead of the
4 \$3 a share, and that is what started the dispute with
5 Dr. Aurandt and myself -- was that I had presented a plan to
6 all of the shareholders that only dealt with money, not
7 sweat equity. It said when you put your money in, you got
8 interest on it from the date of the bankruptcy, and that is
9 how you got your stock in the corporation.

10 So the dispute that I had with him was he wanted
11 more credit than his dollar investment. And he also stated
12 he had made a \$100,000 loan to the corporation. And I had
13 had the accountants audit all of the books, and they weren't
14 very well kept. But we went through and accounted for every
15 dollar of investment and where it was spent. And nowhere
16 could we find \$100,000 that he claimed to have loaned the
17 corporation.

18 I told him that if he provided the documentation,
19 a check, anything to show that he put the money in, we would
20 give him credit for it. He never provided that. So at this
21 meeting, I stated -- and that is what I stated, that I was
22 going to go with the bankruptcy plan as presented.

23 And I wouldn't have known about the garnishment at
24 this stage because I didn't get served on it until October
25 11th. So this would not have been anything to do with the

1 garnishment. It was totally to do with those two disputes,
2 the \$100,000 and his claim of founder stock.

3 BY MR. HUTTON:

4 Q Thank you. Now while we are in that binder, I
5 would ask you to turn to Adams Exhibit 14. And I would like
6 you to turn specifically to the minutes appearing at pages 7
7 through 13. Those are minutes from a meeting of the board
8 of directors of Reading Broadcasting held on September 13,
9 1989. And I would like you to refer specifically to
10 paragraph 6 on page 9.

11 A Yes.

12 Q All right. Do you recall some questions from
13 Mr. Bechtel about this paragraph?

14 A Yes, I do.

15 JUDGE SIPPEL: The golden parachute language?

16 MR. HUTTON: Yes. Can you tell us whether or not
17 the golden parachute payment referred to there was a binding
18 obligation of Reading Broadcasting at that time?

19 THE WITNESS: It was not.

20 BY MR. HUTTON:

21 Q And why not?

22 A Because I had started working before I got
23 bankruptcy approval of a management contract. And under
24 bankruptcy law, you can't enter -- or you can't enforce any
25 contract unless it has bankruptcy court approval.

1 So I basically worked on good faith to that point.
2 But had there, as an example, been a sale, all of the
3 creditors of the corporation, all of the administrative
4 creditors, even the shareholders would have been ahead of me
5 in terms of collection of the \$250,000.

6 Q Now while we are on the subject of the management
7 services agreement, I would like to show you and have you
8 read into the record a sentence from the version of that
9 agreement dated March 21, 1990, which was attached as part
10 of Exhibit G to Reading Broadcasting, Inc.'s opposition to
11 motion to enlarge issues, (unauthorized transfer of control
12 and misrepresentation/lack of candor), filed November 19,
13 1999.

14 MR. BECHTEL: Now, counsel, give us a chance to
15 find the document. Do you have that pleading?

16 MR. HUTTON: I can show you the sentence I am
17 going to ask you to read.

18 JUDGE SIPPEL: Is it just one sentence?

19 MR. HUTTON: Yes.

20 JUDGE SIPPEL: Why don't you read it into the
21 record?

22 MR. BECHTEL: Well, I might want to read it in
23 context.

24 JUDGE SIPPEL: Yes. Well, no. I understand that.
25 No, I don't mean you, Mr. Bechtel. I am saying why doesn't

1 he just read himself, and then we can all dwell on it before
2 you ask a question.

3 MR. HUTTON: Do you want me to read it into the
4 record?

5 JUDGE SIPPEL: Yes. Let's start with that. This
6 is a sentence that appears in the pleading in this case.

7 MR. HUTTON: Now it appears in the management
8 services agreement that Partel, Inc. entered into with
9 Reading Broadcasting, Inc., and it bears a date of March 21,
10 1990. There is a prior version of this agreement in the
11 record. But I think this provision varies from what was
12 introduced into the record on this sentence.

13 The sentence reads -- this is the last sentence of
14 paragraph 3 of the document: "Parker shall not, however,
15 have authority: 1) to enter into contracts on behalf of
16 Reading with a term in excess of one year without the prior
17 approval of the board of directors of Reading, and 2) to
18 write checks, and 3) enter into trade agreements without
19 approval of the board of directors of Reading; provided,
20 however, Reading shall not write checks or incur liabilities
21 without Parker's prior approval."

22 JUDGE SIPPEL: Okay. And what did you want to ask
23 the witness about that?

24 BY MR. HUTTON:

25 Q Mr. Parker, can you tell me if you ever had

1 authority to write checks on behalf of Reading Broadcasting,
2 Inc.?

3 A No, I did not. Well, let me go back. I would
4 have to read the various versions. I just always opted not
5 to write checks. I don't know if that language appeared in
6 the first contract or not. But before we had formal
7 bankruptcy court approval, there were a number of changes to
8 the final document. So as a matter of law, if you will, or
9 of contract, if that language didn't appear, it certainly is
10 now the operable language of the contract I have now.

11 JUDGE SIPPEL: How many versions of this contract
12 are there? There is -- apparently, there was a draft that
13 was put into the record as Adams Exhibit 19?

14 MR. HUTTON: Well, I think that was the initial
15 version.

16 JUDGE SIPPEL: It was signed, wasn't it?

17 MR. HUTTON: It was signed, but it had a number of
18 inner lineations. And it was later modified. The witness,
19 I think, can better speak to the question of how many
20 modifications than I can.

21 JUDGE SIPPEL: Well, that is surprising to hear.
22 I mean, we have an issue about a management services
23 agreement, and we are not sure at this point in time how
24 many there are and what version we are relying on?

25 MR. HUTTON: I hadn't realized it wasn't in the

1 record. I thought that both of these versions had been
2 introduced into the record. If you want, we could introduce
3 the final version into the record.

4 JUDGE SIPPEL: Well, I was going to say that. Or
5 it might be easier to do, for the record purposes anyway,
6 would be to prepare a written stipulation of exactly what
7 -- we are really only interested in this particular aspect
8 of the management agreement, aren't we? Is that true, for
9 purposes of this questioning anyway?

10 MR. HUTTON: Yes.

11 JUDGE SIPPEL: Well, then why not focus on that
12 and reduce it to the stipulation. And then the stipulation
13 can be considered in conjunction with Exhibit 19, Adams 19.

14 MR. HUTTON: Well, I mean, my view is all of this
15 is irrelevant. But --

16 JUDGE SIPPEL: Well, you can't look at it that
17 way, though, Mr. Hutton. That doesn't help the record. I
18 mean, you know, you're not getting locked into a position
19 here. We're just trying to -- well, all right.

20 MR. HUTTON: Well, I read the relevant sentence
21 into the record. And I think that, for my purposes, is
22 sufficient.

23 JUDGE SIPPEL: Well, let me ask Mr. Parker, how
24 many versions of this management services agreement did you
25 sign?

1 THE WITNESS: There were probably -- there were
2 probably three or four versions of it, Your Honor. But the
3 only one that has any legal effect is the one that was
4 approved by the bankruptcy court along with a stipulation
5 between Reading Broadcasting, Meridian Bank, and myself. It
6 isn't just the management contract. There is also a
7 stipulation with the bank, which was the secured lender.
8 Because, again, in bankruptcy, no contract can be entered by
9 the debtor in possession without bankruptcy court approval.
10 So I basically worked for free, other than my expenses,
11 until such time as I obtained the bankruptcy court approval
12 for the document. And I was at risk during that time --
13 that is the one time they could have fired me and it would
14 have stuck.

15 JUDGE SIPPEL: Well --

16 MR. HUTTON: Your Honor, the --

17 JUDGE SIPPEL: Wait just a minute. Let me ask him
18 a question. You say there are four management -- four
19 versions of the management services agreement. And the only
20 one that can be of any validity would be the one that was
21 approved by the bankruptcy court. Is that what you --

22 THE WITNESS: Yeah.

23 JUDGE SIPPEL: That is what I heard you say.

24 THE WITNESS: Well, let me -- I mean, it started
25 out we --

1 JUDGE SIPPEL: I didn't hear it right?

2 THE WITNESS: Yeah. Well, maybe I didn't explain
3 it right. It started out with the first version that we
4 signed in May of 1989. And then the bank would not approve
5 that. Even though it was signed by Reading, signed by Mike
6 Parker and Partel, the bank would not approve it. And
7 without bank approval, you couldn't obtain the approval of
8 the bankruptcy court because they were the secured creditor.

9 So then we went to a letter agreement -- I think I
10 got paid something like \$15,000 for a couple of months. And
11 we negotiated changes in the actual language of the
12 contract. So we came up with a second document. Then we --
13 Dr. Aurandt came up with some issues that were important to
14 him that he was afraid I was simply going to slash the
15 budget of the station down to two or three people and
16 collect on the 25 percent compensation by just reducing the
17 operation of the station to its peril. So we put language
18 in there that prevented that from happening.

19 Then the bank came back, and it had concerns that,
20 as an example, I could collect the \$250,000 golden
21 parachute, and the bank wouldn't get paid. So we negotiated
22 a provision that solved that problem. And I'm not sure it
23 is in the contract. That may be in the stipulation between
24 myself and the bank.

25 JUDGE SIPPEL: Who was insisting on a \$250,000

1 golden parachute?

2 THE WITNESS: That was Partel.

3 JUDGE SIPPEL: That wasn't you?

4 THE WITNESS: Well, I am Partel.

5 JUDGE SIPPEL: Well, that would be a nice way to
6 answer the question.

7 THE WITNESS: I apologize. Well, it was in
8 Partel's contract.

9 JUDGE SIPPEL: I am just wondering why -- I'm
10 still not -- I asked you I thought was a very simple
11 question.

12 THE WITNESS: Oh, okay.

13 JUDGE SIPPEL: And now I -- all I want to know is
14 -- the first statement was that the only management services
15 agreement that was of any validity with respect to this
16 proceeding here today was the one that was approved by the
17 bankruptcy court.

18 THE WITNESS: That is correct, the last one.

19 JUDGE SIPPEL: Let me finish -- tell me it's the
20 last one.

21 (Laughter.)

22 THE WITNESS: Okay.

23 JUDGE SIPPEL: Okay. Now which one were you
24 reading from, the last one?

25 MR. HUTTON: I was reading from the last one. It

1 was -- it, together with the stipulation that Mr. Parker
2 referred to, was attached as Exhibit G to our opposition
3 pleading on this issue. And I would ask counsel for Adams
4 to stipulate that that is the applicable document.

5 MR. BECHTEL: Judge, I haven't the faintest idea.
6 Our Exhibit 19 was the best thing that we had ever received
7 in discovery. And it was signed and it had inner lineations
8 that were initialed. And so we have used it and put it in
9 evidence. If there is a different document with the
10 stipulation attached, I'll be happy to get that in the
11 record, for sure. And I'll take counsel's representation
12 that that's the document that the witness is talking about.

13 JUDGE SIPPEL: Well, why don't we -- let's work up
14 a -- we have a few more days of the record open. Let's work
15 up some kind of stipulation. And your stipulation would be
16 with respect to the language that you read into the record
17 and the purpose for which it is to be considered. This
18 would be Adams 19. Or if you want to put in the fourth
19 version of the agreement and indicate -- well, because that
20 is all that can be just identified as the version that has
21 been approved by the bankruptcy court.

22 Well, I don't want to beat a dead horse, but
23 that's going to do it. Okay. Did you want anything more on
24 redirect?

25 MR. HUTTON: I do.

1 JUDGE SIPPEL: Okay.

2 BY MR. HUTTON:

3 Q Mr. Parker, to your knowledge, how long are the
4 terms of the board members of Reading Broadcasting, Inc.
5 under the company's bylaws?

6 A One year.

7 Q At the time of the garnishment issue, did you have
8 any discussions with the company's communications counsel
9 about whether or not this -- whether or not your battles
10 with Dr. Aurandt and the issue of the two boards of
11 directors would fall within the FCC's policy on proxy
12 contest?

13 A No. I frankly never heard of the proxy contest
14 concept even until yesterday in questioning.

15 Q And what is your understanding today as to whether
16 or not those events constituted a proxy contest?

17 A I don't believe they did in any way, shape, or
18 form. My reading of the language there is something totally
19 different, something that deals with somebody trying to take
20 over a company in order to sell it, not normal corporate
21 practice between shareholders electing a board of directors.
22 It's just simply not the case that is outlined in the
23 Commission policy.

24 Q I'd like you to refer to Adams Exhibit 26.

25 JUDGE SIPPEL: Before we move to that, do you want

1 to move this Reading Exhibit 15 into evidence?

2 MR. HUTTON: Fifteen is which one?

3 JUDGE SIPPEL: Reading. It is the last one we
4 just talked about, garnishment order.

5 MR. HUTTON: Yes. Yes, I would like to move that
6 into evidence?

7 JUDGE SIPPEL: Any objection?

8 MR. BECHTEL: None, sir.

9 JUDGE SIPPEL: Mr. Shook, any objection?

10 MR. SHOOK: No objection.

11 JUDGE SIPPEL: It is received in evidence as
12 Reading Exhibit 15.

13 (The document referred to,
14 previously identified as
15 Reading Exhibit No. 15, was
16 received in evidence.)

17 JUDGE SIPPEL: Now you are taking us to --

18 MR. HUTTON: Adams Exhibit 26.

19 JUDGE SIPPEL: Adams 26. That's for
20 identification. That's the Frank and Fisher two page
21 reference?

22 MR. HUTTON: Right.

23 JUDGE SIPPEL: I don't think this witness has
24 really even answered a question on this. I know it was
25 talked about but--

1 MR. BECHTEL: Well, he's explained it -- the legal
2 implications.

3 JUDGE SIPPEL: Well, go ahead, Mr. Hutton.

4 BY MR. HUTTON:

5 Q All right. I'd like you to refer to footnote 73
6 in that document and tell me whether or not any of the
7 principals of Reading Broadcasting, Inc. at that time had
8 been subject to any adverse findings or consent decrees as
9 outlined in item 2 in that paragraph.

10 A Not to my knowledge, no.

11 MR. HUTTON: I'd like to mark for identification
12 Reading Exhibit 16. It is August 1991 action by unanimous
13 written consent of the board of directors of Reading
14 Broadcasting, Inc. authorizing and directing the officers of
15 Reading Broadcasting, Inc. to execute and implement the plan
16 of reorganization.

17 JUDGE SIPPEL: What is the date on it, August --

18 MR. HUTTON: August 1991. There is no specific
19 day indicated.

20 JUDGE SIPPEL: All right. The reporter will mark
21 that document. Do you have copies for the reporter?

22 MR. HUTTON: Yes.

23 (The document referred to was
24 marked for identification as
25 Reading Exhibit No. 16.)

1 BY MR. HUTTON:

2 Q Mr. Parker, I'd like you to review that document
3 and tell me whether or not that document gave you any
4 authority with respect to the issuance of the stock of
5 Reading Broadcasting on October 15, 1991?

6 A Yes. This particular document was a unanimous
7 written consent. It was signed by all five directors who
8 were then in place. And it gave any officer of the
9 corporation the authority to execute the documents necessary
10 to enter in the bankruptcy plan of reorganization, which
11 included the issuance of stock certificates necessary to
12 effectuate the plan.

13 Q And did the Aurandt board subsequently seek to
14 revoke this action?

15 A No, they did not.

16 MR. HUTTON: Next, I would like to introduce
17 Reading Broadcasting, Inc. Exhibit 17.

18 JUDGE SIPPEL: Are you going to move this into
19 evidence?

20 MR. HUTTON: Yes. I'd like to move this into
21 evidence.

22 JUDGE SIPPEL: Any objection?

23 MR. BECHTEL: No objection.

24 MR. SHOOK: No.

25 JUDGE SIPPEL: It is received in evidence as

1 Reading 16.

2 (The document referred to,
3 previously identified as
4 Reading Exhibit No. 16, was
5 received in evidence.)

6 JUDGE SIPPEL: No. 17 for identification.

7 MR. HUTTON: Reading Exhibit 17 is a one page
8 chart entitled, "Reading Broadcasting, Inc. stock ownership
9 comparison."

10 JUDGE SIPPEL: Who is it prepared by?

11 MR. HUTTON: It is prepared by counsel for
12 Reading.

13 JUDGE SIPPEL: Okay. That document is going to be
14 marked for identification as Reading 17. A copy is going to
15 the reporter.

16 (The document referred to was
17 marked for identification as
18 Reading Exhibit No. 17.)

19 JUDGE SIPPEL: You have got some demonstrative
20 evidence here.

21 BY MR. HUTTON:

22 Q Mr. Parker, is Reading Exhibit 17 consistent with
23 your understanding -- consistent or inconsistent with your
24 understanding of the stock issuance of Reading from the time
25 of the form 316 application in 1991 until the time of the

1 ownership report filed on April 16, 1992?

2 MR. BECHTEL: Objection. That doesn't advance the
3 record at all. And he obviously can't be specific about it.
4 Why don't you establish how the document was prepared and we
5 can check it against the original records and see if it's
6 accurate?

7 JUDGE SIPPEL: Well, the record, certainly the
8 record -- I don't see how the witness is going to look at
9 this and answer a specific question. This is something
10 we've got to know how -- who prepared it. Was it somebody
11 in your office that did this?

12 MR. HUTTON: My colleague, Mr. Sifers. And he
13 would be happy to explain how he prepared it.

14 JUDGE SIPPEL: Well, I think that in view of the
15 lateness of the hour, I think we'll have to wait on this.
16 This is going to take a little bit of doing. What about the
17 dates of the certificate these shares were issued? Is there
18 any reference to any dates?

19 THE WITNESS: Yes, Your Honor, shares issued 10/15
20 Ms. Cohen, and shares issued 12/31, Ms. Cohen.

21 JUDGE SIPPEL: I see, I see.

22 THE WITNESS: The form follows here, shares here,
23 form here, shares here, and what was reported to the FCC on
24 the final report.

25 JUDGE SIPPEL: Have you seen this form before?

1 THE WITNESS: Yes, I have, Your Honor.

2 JUDGE SIPPEL: Did you assist in its preparation?

3 THE WITNESS: I didn't assist in the preparation.

4 I helped provide the documents originally to counsel.

5 JUDGE SIPPEL: Do you want to look at this
6 overnight and take it up tomorrow? That's what this is
7 going to tell us, that's all.

8 MR. HUTTON: I'm not sure I want to have the
9 witness stay over an additional day.

10 JUDGE SIPPEL: Well, you know, it is not my fault.
11 It is 4 o'clock in the afternoon. You are coming in with a
12 piece of evidence like this that you haven't exchanged with
13 counsel ahead of time.

14 MR. HUTTON: It was only prepared --

15 JUDGE SIPPEL: You're putting us in a bind here.
16 I need an opportunity to sit down and review this thing, to
17 some degree here. I mean, this stuff is not -- you know,
18 this is not a joke.

19 MR. HUTTON: I understand. But I just took the
20 redirect probably less than an hour ago.

21 JUDGE SIPPEL: Well, how long have you had this
22 document?

23 MR. HUTTON: We prepared it last night.

24 JUDGE SIPPEL: So you had it this morning?

25 MR. HUTTON: Yes.

1 JUDGE SIPPEL: It would have been nice to show it
2 to us, just to tell us where you were going.

3 MR. HUTTON: Well, I apologize for any
4 inconvenience.

5 JUDGE SIPPEL: Well, we're not going to --
6 certainly Mr. Bechtel is entitled to take an intelligent
7 look at this, and that means more than just looking it over.
8 And we'll pick it up tomorrow. You have the supporting
9 witness. You can bring it in any number of ways. You don't
10 necessarily need Mr. Parker.

11 MR. HUTTON: All right. I may introduce it
12 through Mr. Sifers.

13 JUDGE SIPPEL: Well, let's see. Let's see. It's
14 your choice, it's your choice.

15 MR. HUTTON: All right. I would like to --

16 JUDGE SIPPEL: I am trying to be fair to both
17 sides, and you're putting me on the spot here.

18 MR. HUTTON: I understand.

19 JUDGE SIPPEL: We'll take it up at an appropriate
20 time tomorrow. It is marked for identification with the
21 reporter. And Mr. Bechtel and Mr. Cole can take it home.

22 MR. COLE: Thank you, Your Honor. We appreciate
23 that.

24 JUDGE SIPPEL: Do you have anything else now?

25 MR. HUTTON: I do.

1 (Pause)

2 BY MR. HUTTON:

3 Q Mr. Parker, to the best of your recollection, can
4 you tell me whether or not STV Reading, Inc. was a
5 stockholder in Reading Broadcasting as of October 15, 1991?

6 A Yes, they were.

7 Q And can you tell me at this time what your best
8 understanding is as to the ownership of STV Reading, Inc. at
9 that time?

10 A Again, I described earlier that ballots were sent
11 out to the debtors of the corporation. And in that, they
12 were allowed to elect whether they would take 10 cents on
13 the dollar or they would take shares based -- I think \$10.75
14 a share based on their debt. Dr. Aurandt was given the
15 ballot for STV Reading, Inc., and he voted that ballot as
16 president. And as a result of that, shares totalling, I
17 believe, 17,674 shares were issued to STV Reading, Inc.

18 Q But who owned STV Reading, Inc. at that time?

19 A My understanding now or my understanding then?

20 Q Your understanding now?

21 A Dr. Henry Aurandt owned all but 9.9 percent of the
22 corporation. He was like 90.01 percent owner.

23 Q Now with respect to the questions by Mr. Shook on
24 the zoning issue for the tower site, what is the company's
25 ultimate position going to be if it does not obtain zoning

1 approval through the litigation that the company is
2 currently involved in?

3 A We have two choices, amend the permit to another
4 location. And we are in fact as a backup position looking
5 for other locations. We do not believe that will be
6 necessary. We believe it will be sustained in the court.
7 However, we are looking at that. And we also -- our
8 engineers have engineered that we can raise the tower height
9 of our current tower and provide the coverage over the city
10 of Philadelphia as an alternative to our current proposal.

11 MR. HUTTON: All right. I have nothing further.

12 JUDGE SIPPEL: Is there anything more on this --
13 of this witness?

14 MR. BECHTEL: Yes, I have some recross, sir.

15 RECROSS EXAMINATION

16 BY MR. BECHTEL:

17 Q Mr. Hutton read to you from a footnote in the
18 tender offers, a policy statement.

19 A Can I -- what exhibit are we talking about?

20 Q We are talking about Adams Exhibit 26.

21 A Yes, okay.

22 Q And based upon the language in that footnote, you
23 indicated that there were no consent decrees, et cetera, et
24 cetera. Do you recall that testimony?

25 A Yes, I do.

1 Q All right. Well, look up in the text of the
2 policy statement, which reads as follows: "In summary, we
3 concluded that we could best fulfill our regulatory
4 obligation to review the qualifications of the board
5 nominees in a timely manner by requiring the submission of
6 short form 316 supplemented by information on citizenship,
7 other attributable media interests, and adverse findings
8 regarding law violations."

9 To your knowledge, did any of the proposed
10 directors have adverse findings regarding law violations?

11 A Not to my knowledge.

12 MR. BECHTEL: I am handing to the reporter, the
13 witness, the Court, and counsel, with the request that it be
14 marked for identification as Adams Exhibit 42, a document.
15 I have hand numbered it pages 1 through 9, consisting of
16 portions of a decision of the review board and portions of
17 decision of Judge Gonzales in the matter of Religious
18 Broadcasting Network.

19 JUDGE SIPPEL: Well, I think we just -- can't I
20 just take official notice? I mean, we have been through
21 these --

22 MR. BECHTEL: Well, I think it is useful to have
23 in front of us these findings of the judge and the testimony
24 of the finish -- found to be adverse to Mr. Parker. I will
25 save some time, however. I am not going to take the witness

1 through it.

2 JUDGE SIPPEL: It's marked for identification as
3 Adams Exhibit 42.

4 (The document referred to was
5 marked for identification as
6 Adams Exhibit No. 42.)

7 MR. BECHTEL: I offer it into evidence.

8 MR. HUTTON: I object, Your Honor. This has
9 nothing to do with the law violations referenced in the
10 Stoler (phonetic) case or in the tender offer and proxy
11 contest policy statement. And it is just cluttering up the
12 record.

13 JUDGE SIPPEL: Well, let's hear argument from Mr.
14 Bechtel.

15 MR. BECHTEL: This was a statement of policy the
16 Commission has applied. And there is no basis to read
17 adverse findings regarding law violations, to do so now as
18 to exclude the adjudications.

19 JUDGE SIPPEL: I take it that this is offered for
20 the purpose of testing the credibility of the witness with
21 respect to how he answers the question with respect to the
22 footnote?

23 MR. BECHTEL: This is offered with regard to his
24 credibility, and it is also offered as circumstantial
25 evidence that it would have been a problem for this witness

1 to have initiated this procedure at the time when he was
2 trying to get his votes through.

3 JUDGE SIPPEL: You mean 316 application?

4 MR. HUTTON: Your Honor, I think you are being --
5 I'm not sure that it is being explained accurately. Mr.
6 Parker has testified that he was not even aware of the
7 modified 316 procedure for -- outlined in this policy
8 statement. The modified 316 procedure outlined in this
9 policy statement calls for companies undergoing a proxy
10 contest or someone seeking to get FCC approval for a proxy
11 contest to file a form 316 modified by three -- additional
12 information in three areas. One is citizenship.

13 The other is adverse findings regarding the law of
14 violations. And footnote 73 explains what that means. It's
15 adverse findings or consent decrees regarding any felony,
16 antitrust, unfair competition, fraud, unfair labor
17 practices, or discrimination.

18 Now whatever findings were made in FCC proceedings
19 involving Mr. Parker do not involve any of those areas. So
20 you cannot lay a case that Mr. Parker was trying to avoid
21 the modified form 316 procedure because he didn't want to
22 answer those questions. Mr. Parker established that none of
23 the principals of Reading Broadcasting, Inc. had any adverse
24 findings or consent decrees in the specific areas outlined
25 in the policy statement. And so a false premise is being

1 laid here seeking the admission of this exhibit.

2 JUDGE SIPPEL: Mr. Shook?

3 MR. SHOOK: I acknowledge I agree with Mr. Hutton.

4 JUDGE SIPPEL: I'm going to reject the exhibit. I
5 mean, I think that you can leave it in as a marked exhibit,
6 but I'm not going to receive this in for the reason Mr.
7 Hutton stated.

8 MR. BECHTEL: I wanted to respond.

9 JUDGE SIPPEL: Well, it's one and one. Yes, you
10 can respond. I'm sorry, I'm getting ahead of you.

11 MR. BECHTEL: The adverse finding has to do with
12 fraud, and that is in the footnote. And the circumstantial
13 evidence in this case, or the evidence in this case, has
14 been -- is being developed and has been developed, and that
15 we can determine that this is indeed a proxy contest. That
16 is not a foregone conclusion. And the testimony of the
17 witness that he never heard of it or that presumably that
18 his communications counsel never heard of it also is a
19 matter of circumstantial evidence. And I don't think that
20 that cuts us off from arguing the point.

21 JUDGE SIPPEL: Well, I disagree with that. I
22 don't think that there's been an adequate foundation laid
23 for bringing this in as evidence in this case. You made the
24 argument, and it will stay in the record as a rejected
25 exhibit. But that is my ruling. So 42 does not come in,

1 but it stays in the record as an identified proffer.

2 (The document referred to,
3 previously identified as Adams
4 Exhibit No. 42, was rejected.)

5 JUDGE SIPPEL: So anything else? Again, I hope
6 we're not going to go through this with Mount Baker. You're
7 going to do the same thing with Mount Baker?

8 MR. BECHTEL: I have the same offer for Baker,
9 yes, sir.

10 JUDGE SIPPEL: Well, let's not get into it. I
11 know what you're going to ask, and Mount Baker has been
12 cited in this case enough times. The principle has been
13 established from my ruling on Religious Broadcasting. If
14 I'm wrong on that, I'm wrong on both.

15 Do we have anything else?

16 BY MR. BECHTEL:

17 Q Yes, sir. Directing your attention to Reading
18 Broadcasting Exhibit 15, the garnishment order and writ of
19 execution which I understand was served on you on -- on we
20 just established October 11, 1991?

21 A Yes.

22 Q Also directing your attention to Adams Exhibit 28,
23 which is the section 315 application, Exhibit 4.

24 A Yes.

25 Q Now is the garnishment order and writ of

1 execution, Reading Broadcasting, Inc. Exhibit 15, the matter
2 referred to in Exhibit 4 of the section 315?

3 A Yes, it is.

4 Q Accordingly then, on October 11, 1991, four days
5 before you proceeded with the issue of stock, you had reason
6 to know that you were going to need a 315 rather than a 314.
7 Isn't that true -- rather than a 316. Isn't that true?

8 A I don't believe that I would have known that on
9 that date, no.

10 Q Did you call your communications counsel about
11 this development upon receipt of the garnishment order and
12 writ of execution on October 11th, prior to proceeding with
13 the issuance of stock on October 15th?

14 A I don't recall one way or the other. I would have
15 to go back and look at the billing records. I certainly
16 would have called them at some point. But I have to look
17 back and see what date I was -- what day of the week it was
18 I got served with the notice. I certainly would have been
19 talking with bankruptcy counsel. And whether I talked
20 directly to FCC counsel or bankruptcy counsel talked to
21 them, we certainly would have had discussions. But whether
22 they occurred between the 11th and the 15th, I really can't
23 answer that because, frankly, I don't remember.

24 Q You were in a hurry, were you not, to issue the
25 stock and observe the bare bones five day notice given to

1 the interested parties?

2 A I don't believe I'd characterize it that way, no.

3 Q Well, you issued a five day notice, which was the
4 minimum notice that could be given, did you not?

5 A Yes, I did.

6 Q And then you issued the stock immediately
7 thereafter?

8 A No. Actually, I issued the stock prior to that, I
9 believe.

10 Q Yes, you did. I was thinking of the minutes.
11 Directing your attention now to Adams 28.

12 A Adams 28.

13 Q Section 315?

14 A Yes. Yes.

15 Q Exhibit 2, footnote 1.

16 A Exhibit 2, footnote 1, okay.

17 Q Now the first sentence calls the Commission's
18 attention to the form 316, which had been filed on
19 August 14, 1991, does it not?

20 A Yes, it does.

21 Q The next sentence calls the Commission's attention
22 to the fact that it granted the application on
23 August 27, 1991, does it not?

24 A It does.

25 Q The third sentence says because of the

1 circumstances surrounding the stock ownership situation in
2 Exhibit 4 to the instant application, the parties did not
3 consummate the transaction, does it not?

4 A That is correct.

5 Q And your position here is that the Commission
6 should have understood this to mean that the parties had
7 gone forward with the issuance of stock in accordance with
8 316, but they still had the problem with Dr. Aurandt's stock
9 that was dealt with in Exhibit 4. That is what you are
10 asking the Commission to believe?

11 A I don't believe I characterized it that way. I
12 don't believe that -- that isn't my testimony. That's
13 yours.

14 Q Did you have -- in telling them that you had
15 consummated the transaction except for Dr. Aurandt's stock
16 option? Isn't it true that you would therefore have had the
17 315 that showed that consummation and showed those
18 stockholders as transferrers, and then had a section which
19 said, we now have a transfer of control with technically
20 over 51 percent, and here are the transferees. And then you
21 would have over there the stock transaction which traded the
22 problem, would you not?

23 MR. HUTTON: Objection, compound and
24 argumentative.

25 MR. BECHTEL: He understood it.

1 JUDGE SIPPEL: Can you answer that question? Do
2 you understand it?

3 THE WITNESS: I think I know what he is trying to
4 drive at, but I don't understand the question. I believe
5 the 315 was accurate. I believe the 316 was accurate. And
6 I believe that what was presented to the Commission was
7 exactly what was going on. And Exhibit 4 clearly
8 demonstrates that.

9 JUDGE SIPPEL: I am going to sustain the
10 objection. If you want to rephrase it -- if you want to
11 take these one segment at a time or -- he doesn't have to
12 agree with you in terms of how you might advise him to
13 prepare the disclosure.

14 BY MR. BECHTEL:

15 Q You would agree with me -- you probably won't. It
16 is your position, such as it is, that the plain meaning of
17 telling the Commission the parties did not consummate the
18 316 was that you had issued the stock under the 316?

19 MR. HUTTON: Objection to the form of the
20 question. The editorial comment, "such as it is," has no
21 place here.

22 JUDGE SIPPEL: Well, I think at this stage of the
23 questioning, it has -- the past experience between the
24 witness and the attorney, I don't think that is going to be
25 the problem. You can otherwise deal with the question, Mr.

1 Parker.

2 THE WITNESS: Can I get you to restate it again?

3 JUDGE SIPPEL: No. Well, just answer the
4 question. If you don't want to answer it, your counsel can
5 persuade the judge to --

6 THE WITNESS: No. I'm saying can I get you just
7 to say the question again. I'm sorry. I have lost --

8 JUDGE SIPPEL: I apologize.

9 THE WITNESS: Okay. I understand.

10 JUDGE SIPPEL: Okay. We're cool. Go ahead.

11 THE WITNESS: Okay. No problem.

12 BY MR. BECHTEL:

13 Q It is your position, is it not -- I'll leave it
14 off the explicit -- that when you told the Commission that
15 the parties did not consummate the 316, that they should
16 understand that you really had issued the stock under the
17 316 by virtue of this reference on Exhibit 4?

18 A I guess I disagree with the basic premise. I
19 don't think I told the Commission I hadn't issued the stock
20 under this 316. That isn't what I interpret this language
21 to mean at all.

22 Q Is it your position that --

23 A I hadn't issued the stock to the four people
24 listed in Exhibit 4.

25 Q Is it your position that you were under no

1 obligation as a matter of candor to apprise the FCC that you
2 had proceeded with the issuance of stock pursuant to the
3 section 317?

4 A Well, again, as I explained earlier, it really
5 made no difference.

6 JUDGE SIPPEL: Well, he's asking you did you feel
7 you had -- it could be a yes or no, if you had you had no
8 obligation to make a disclosure to the Commission --.

9 THE WITNESS: Frankly, I don't think I thought
10 about it at all. I had FCC counsel dealing with these
11 matters. And my understanding is that there was no
12 transfer, whether it was reported or unreported, that the
13 316 was for the purposes of coming from debtor in possession
14 to the new corporation. But if you compared the old
15 ownership to the new ownership, there was no transfer of
16 control.

17 JUDGE SIPPEL: I don't think you -- I think that
18 you've got a mental block or something with this question.
19 The question is a very simple one. It is a question of what
20 did you feel your obligation was to the Commission to make
21 disclosure with respect to the issuance of stock.

22 THE WITNESS: Again, I guess my thinking back to
23 those days, I was doing 100,000 different things at the time
24 trying to get this corporation reorganized and out of
25 bankruptcy. I had both bankruptcy counsel and FCC counsel

1 working on it. I was taking their advice. I don't recall
2 the issue coming up even, did I need to disclose to the
3 Commission that we've issued the shares or not. And I think
4 the representations we made in the 315 for a transfer
5 demonstrated to the Commission where our problem was.

6 And the issuance of the stock transpired as part
7 of coming out of being a debtor in possession. But at the
8 time we filed the 315 and until much later, we were still a
9 debtor in possession. So, you know, I hope that answers
10 your question. I am not trying to -- I am not trying to get
11 around it. I just --

12 JUDGE SIPPEL: All right. Let's move on. Let's
13 move on.

14 BY MR. BECHTEL:

15 Q In consultation with your communications counsel
16 regarding the preparation and filing of this 315, did you
17 tell counsel that you had issued stock under the 316?

18 A Again, as I told you, I don't remember whether I
19 talked to the counsel directly or Mr. Mercer did. This was
20 a period of time where there were lots of different
21 activities going on. So I can't tell you what I told him.
22 I'm sure they were aware one way or another of everything
23 that was going on.

24 JUDGE SIPPEL: All right. Let's just stay to what
25 you knew and what you remember and what you're sure of is

1 something different.

2 THE WITNESS: Yes, sir.

3 BY MR. BECHTEL:

4 Q With whom were you speaking when you spoke with
5 communications counsel regarding this issue?

6 A Let's see --

7 MR. HUTTON: Objection. There's no foundation
8 that he did speak to communications counsel.

9 JUDGE SIPPEL: Well, there's lots of foundation
10 for that. I mean, he just got finished answering -- well,
11 anyway, yes. The foundation is there, he's clearly
12 consulted with FCC counsel in connection with the
13 preparation and filing of the 315.

14 MR. HUTTON: All right. I misunderstood, Your
15 Honor.

16 JUDGE SIPPEL: All right, no problem. That's
17 fine.

18 THE WITNESS: Well, Clark Wudlow and Paula -- I
19 think it was Paula Friedman in his office. Clark Wudlow was
20 the lead counsel. And I'm trying to remember at that time
21 whether the firm was Sneer, Harris, Siegel, and Lewis
22 (phonetic) or whether it was Sidley and Austin. It was one
23 of the two of them. The entire FCC practice moved from
24 Sneer, Harris, Siegel, and Lewis to Sidley and Austin. And
25 I'm not sure who was what at that particular moment in time.

1 But it was those individuals.

2 JUDGE SIPPEL: It is getting late in the
3 afternoon, Mr. Bechtel. Do you have much more on this?

4 MR. BECHTEL: I'm sorry?

5 JUDGE SIPPEL: I say it's getting late. Do you
6 have much more?

7 MR. BECHTEL: Twenty or 30 minutes.

8 JUDGE SIPPEL: All right. The witness is here.

9 BY MR. BECHTEL:

10 Q Staying with our form 315, page 6, that's FCC form
11 number, page 6 --

12 A Yes.

13 Q And it's your position that when this form 315
14 showed Dr. Aurandt as a member of the board of directors,
15 that was through inadvertence?

16 A That is correct.

17 Q And it's your position that when form 315 showed
18 Jack Linton as secretary rather than Mr. Mercer, that was
19 through inadvertence, correct?

20 A That is correct.

21 Q And when you showed Mr. Linton as a member of the
22 board of directors -- you had been dismissed from the board
23 a week or so before -- that was through inadvertence.

24 MR. HUTTON: Your Honor, all of this is beyond the
25 scope of my redirect.

1 JUDGE SIPPEL: Yes, I was going to say that. And
2 it has been covered. I mean, this has been covered with
3 this witness.

4 MR. BECHTEL: No one has put before this witness
5 the entire litany of unbelievable testimony that he has
6 given, and that is what I am going to do, and will also take
7 us through the ownership report, where the same stuff is
8 repeated.

9 JUDGE SIPPEL: Well, you can do that in findings.
10 I mean --

11 MR. BECHTEL: Well, I can do that in findings.
12 But I have the witness here now.

13 JUDGE SIPPEL: But I agree with Mr. Hutton. This
14 is going way beyond the scope of the redirect. You want to
15 go back and do your cross again, and that is just not the
16 way we're going to proceed. I've got too many notes written
17 now, and I'm starting to write the same thing twice.

18 (Pause)

19 JUDGE SIPPEL: You have a question, Mr. Bechtel?
20 You have a question?

21 MR. BECHTEL: I'm sorry. I'm marking through my
22 notes.

23 JUDGE SIPPEL: Let's go off the record while you
24 mark.

25 (Whereupon, a brief recess was held off the

1 record.)

2 MR. BECHTEL: Thank you, sir.

3 JUDGE SIPPEL: Anybody else have anything more of
4 this witness?

5 MR. HUTTON: Nothing further.

6 JUDGE SIPPEL: I have no questions. I mean I've
7 asked my share of questions, so I have no further questions.
8 I am prepared to excuse this witness. Is there any reason
9 -- this is -- I mean, this is your guy. This is your big
10 witness. Is he going to be around tomorrow in case we need
11 him for any of this share stuff?

12 MR. HUTTON: Well, I think he probably is going to
13 sponsor Reading Exhibit 17.

14 JUDGE SIPPEL: Well, I think this day has been in
15 the making for a long, long, long, long time. In the scheme
16 of things, it might be in the interest of certainly the
17 case, if not himself, to stay here overnight.

18 THE WITNESS: Would this come up in the morning?

19 JUDGE SIPPEL: Well, we'd have to rearrange Mr.
20 Case. And we also then have -- we also have Mr. Gilbert.
21 Why don't we go off the record and talk about this a bit?

22 MR. HUTTON: All right.

23 (Whereupon, a brief recess was held off the
24 record.)

25 JUDGE SIPPEL: We're back. In off the record --

1 it has been agreed that -- it has been my determination also
2 that we are going to start with this proposed Exhibit 17, on
3 Reading's part tomorrow morning, which is the chart charting
4 of the shares of issuance of shares. Mr. Parker -- I gather
5 Mr. Parker will be here. And we are going to finish that up
6 in an hour, and then we are going to start with Mr. Gilbert.
7 And we will conclude with Mr. Gilbert by the end of the day.

8 Now -- and Mr. Shook is excused. He doesn't have
9 to participate in this aspect of the case tomorrow. Now
10 what did you want to say about a housekeeping matter?

11 MR. COLE: Your Honor, yesterday, Adams offered or
12 identified for the record what was marked as Adams Exhibit
13 13A, which was --

14 JUDGE SIPPEL: Yes.

15 MR. COLE: -- a set of -- a cleaner set of one set
16 of the minutes to be inserted into Adams Exhibit 13. This
17 afternoon, right after the lunch break, I distributed to
18 counsel for Reading and the bureau a set of labels to be
19 affixed to the pages, newly paginated labels. And I am
20 going to, after the hearing session this afternoon, meet
21 with the reporter and personally affix the labels to her two
22 sets. I can either have someone come to your office, Your
23 Honor, and take care of it, or I can pass these along to Ms.
24 Parker, or I can give these to you for your set.

25 JUDGE SIPPEL: Why don't you just -- whatever is

1 my set. Whatever I am allotted, I will take.

2 MR. COLE: I think you only have one, but if you
3 need more, please let me know.

4 JUDGE SIPPEL: Well, we'll let you know. We'll
5 see how we're doing and figure it out. Okay. That's it
6 then. We're in recess until 9:30 tomorrow morning. Thank
7 you very much.

8 //

9 MR. BECHTEL: Thank you, Your Honor.

10 (Whereupon, at 4:44 p.m., the hearing in the
11 above-entitled matter was adjourned until January 12, 2000,
12 at 9:30 a.m.)

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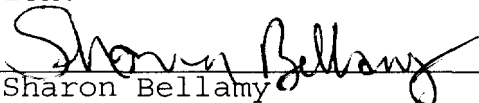
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HEARING DATE: January 11, 2000

LOCATION: Washington, D.C.

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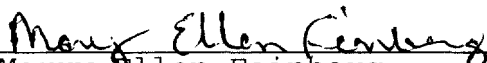
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